

Small Business Administration Market Research Highlights

- Over the next 5 years, the Small Business Administration (SBA) will undertake an agency-wide systems modernization effort. The SBA will completely overhaul its information technology and computer systems, including client databases, financial controls and lender oversight, activity-based and core accounting applications, and enterprise-wide information systems.

(See the “Performance Plan” tab.)

- The SBA is conducting a pilot to privatize the servicing of 30 percent of its disaster loan portfolio. The SBA is also working on the design and implementation of applications that will offer small businesses access to electronic commerce and transactional assistance. Outsourcing and privatization will be major issues with the SBA. SBA could benefit from vendors with expertise in implementing solutions that maximize the effectiveness of open communications between SBA and the contractors and partners that support their mission.

(See the “Performance Plan” tab.)

The SBA has embarked on a multi-year system modernization program that will permit better data collection and analysis. The system will provide enhanced risk management data and will serve as a tool for the SBA to evaluate individual loan, lender, and overall program performance. This modernization program is being implemented to ensure that the SBA is complying with the Government Performance and Results Act (GPRA) and the Clinger-Cohen Act. Performance measurement and reporting expertise should be an emphasis in all proposals to the SBA. SBA could benefit from vendors with expertise in implementing enterprise management systems to help comply with legislative mandates such as the GPRA and the Federal Financial Management Improvement Act (FFMIA).

(See the “Performance Plan” tab.)

- In its FY 2000 budget appropriation bill, the Small Business Administration was allocated \$8 million to improve monitoring and oversight of financial programs through upgrades and improvements to information management systems. Congress expects the Administration to submit an action plan prior to

the expenditure of capital resources. A major portion of the \$8 million allocated to systems modernization will go towards the implementation of a Loan Monitoring System. The SBA intends to deploy the system by May, 2001. The Loan Monitoring System program could benefit from vendors with expertise in forming an implementation plan, establishing business processes that support a streamlined work force, and setting up uniform loan practices and reports. The program could also benefit from vendors who could provide an independent, non-biased view of the soundness and effectiveness of the SBA's oversight capabilities and technological improvement plans.

(See the "Trade Press Articles" and "GAO Reports" tabs.)

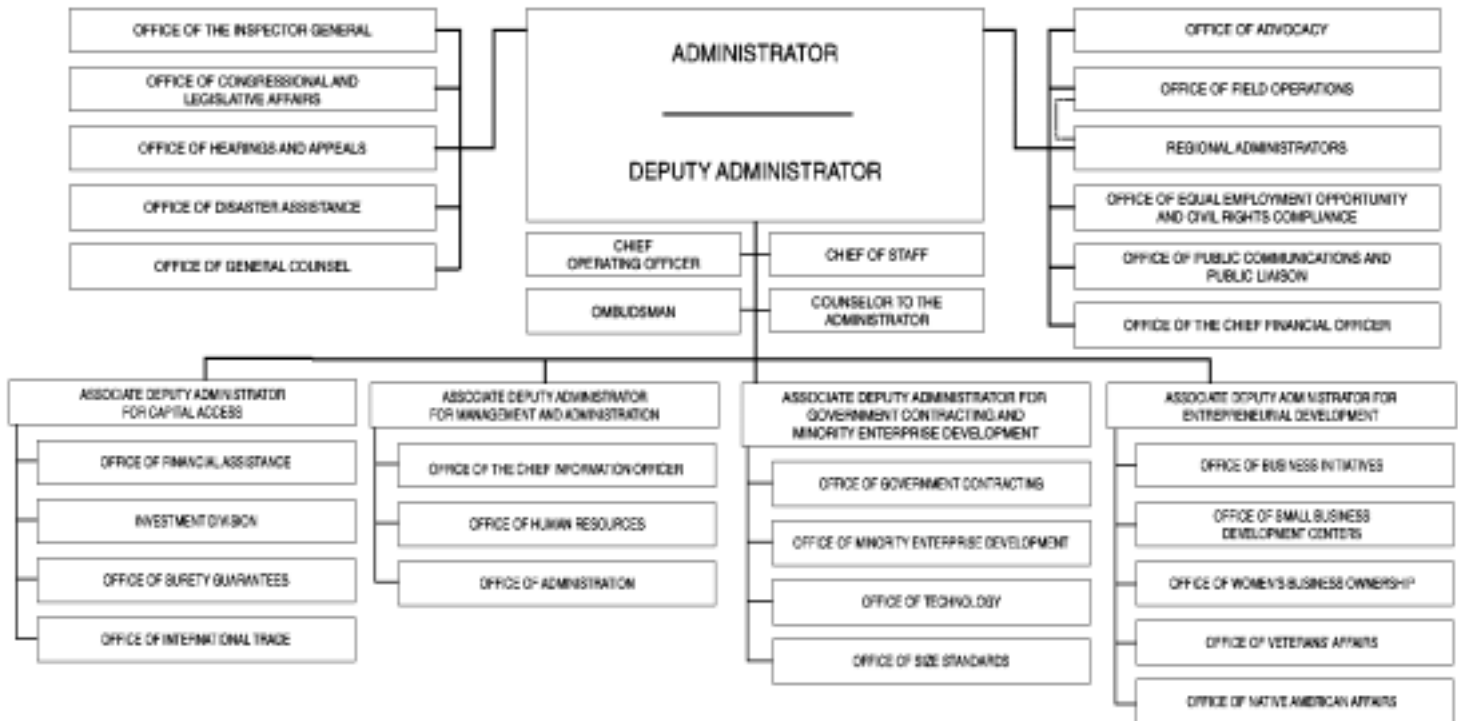
- In October, 1998, the SBA awarded Unisys Corporation a seven-year, \$52 million contract to consolidate and operate systems that support the Administration's loan programs. Under this contract, Unisys will manage SBA's Unisys 2200-600 mainframe, which runs financial applications at the company's data center in Eagan, MN. This contract was previously held by EDS. Unisys may eventually run the SBA's client-server systems such as the Surety Bond Guarantee System that runs on Sun Microsystems' Sparc 1000 and 2000 servers. SBA's future reliance on outsourced applications could be heavily influenced by the outcome of Unisys' management of these financial systems.

(See the "Trade Press Articles" tab.)

- Current SBA automated personnel and payroll information needs are being supported by the USDA National Finance Center in New Orleans. The software applications allow on-line and batch mode processing, and generate all the standard employee documentation reports required by OPM. New reports can be developed using the FOCUS report generator. Any proposals for the implementation and/or management of SBA's core human resources applications will be judged against the capabilities and merits of the USDA's National Finance Center. SBA could benefit from vendors with the expertise to provide a detailed analysis of the costs and benefits of implementing enterprise management systems as compared to the outsourcing of administrative functions to USDA.

(See the "CFO Annual Report" and "Performance Plan" tabs.)

Small Business Administration Agency Overview



The Small Business Administration aids, counsels, assists, and protects the interests of small business; ensures that small business concerns receive a fair portion of Government purchases, contracts, and subcontracts, as well as of the sales of Government property; makes loans to small business concerns, State and local development companies, and the victims of floods or other catastrophes, or of certain types of economic injury; and licenses, regulates, and makes loans to small business investment companies.

The Administration serves as the Federal disaster bank for non-farm, private sector losses. It lends money to help the victims of floods, riots, or other catastrophes repair or replace most disaster-damaged property. Direct loans with subsidized interest rates are made to assist individuals, homeowners, businesses of all sizes and nonprofit organizations. In addition, low interest long-term loans are

available to small businesses and small agricultural cooperatives without credit elsewhere that have sustained substantial economic injury resulting from natural disasters.

The Office of the Associate Deputy Administrator for Capital Access provides overall direction for the Small Business Administration's finance programs, which include the Office of Financial Assistance, the Investment Division, the Office of Surety Guarantees, and the Office of International Trade. These programs provide a comprehensive array of debt and equity programs from the smallest start-up businesses to those that have been in operation for a number of years and need new capital to expand. The programs range from those needing only a "microloan" to those ready for an infusion of private venture capital or long-term financing for the purchase of new equipment or facilities. In addition to lending to businesses which sell their products and services within the United States, the Office of Capital Access also provides direction for the SBA's business development and financial assistance programs for small-business exporters and a surety bond guarantee program for small-business contractors.

The Administration works closely with purchasing agencies of the Federal Government and with the Nation's leading contractors in developing policies and procedures that will maximize practicable participation by small, small disadvantaged, and women-owned small businesses in contracts awarded by the U.S. Government and subcontracts awarded by its large contractors.

The Administration develops and cosponsors counseling, education, and training for small businesses. The Administration has forged ongoing partnerships with resource partners to deliver most of the business education and training programs offered annually at low cost. One-on-one counseling is provided free of charge by the Service Corps of Retired Executives.

The Business Information Center (BIC) program is among the most innovative methods of providing small business owners with a one-stop approach to information, education, and training. The Centers combine the latest computer technology, hardware, and software, an extensive small business reference library of hard copy books and publications, and current management videotapes to help clients venture into new business areas.

The Office of Advocacy is mandated by Congress to serve as an independent spokesperson within public policy councils for the more than 22.5 million small businesses throughout the country. The Office is headed by the Chief Counsel for

Advocacy, appointed by the President from the private sector with the advice and consent of the Senate, who advances the views, concerns, and interests of small business before the Congress, the White House, and Federal and State regulatory agencies.

The Office of Women's Business Ownership (OWBO) provides assistance to the increasing number of current and potential women business owners, and acts as their advocate in the public and private sectors. It is the only office in the Federal Government specifically targeted to the Nation's women business owners, assisting them to become full partners in economic development through technical, financial, and management information and training, business skills counseling, and research.

The Office of Veterans' Affairs (OVA) carries out the Veterans Affairs program to ensure that SBA gives special consideration in all its programs to veterans, their dependents, and survivors. The program helps those who have dedicated significant portions of their lives to the defense of the ideals which make entrepreneurship possible in our Nation. The Office works with the Nation's 27 million veterans and the nearly 500,000 military personnel affected by downsizing. It is the only Federal Government office dedicated exclusively to helping veterans who want to go into business.

The Office of Technology has authority and responsibility for directing and monitoring the governmentwide activities of the Small Business Innovation Research Program (SBIR). The Office develops and issues policy directives for the general conduct of the programs within the Federal Government and maintains a source file and information program to provide each interested and qualified small business concerns with information on opportunities to compete for SBIR program awards. The Office has four main objectives: to expand and improve SBIR; to increase private sector commercialization of technology developed through Federal research and development; to increase small business participation in Federal research and development; and to improve the dissemination of information concerning SBIR, particularly with regard to participation by women-owned small business concerns and by socially and economically disadvantaged small business concerns.

The Office of Native American Affairs (ONAA) was established to assist and encourage the creation, development, and expansion of Native American-owned small businesses by developing and implementing initiatives designed to address those difficulties encountered by Native Americans in their quest to start, develop,

and expand small businesses. In addition, in an effort to address the unique conditions encountered by reservation-based entrepreneurs, the Administration has established the Tribal Business Information Centers (TBIC's) pilot project. The project is a partnership arrangement between a tribe or tribal college and the Administration.

The Office of Field Operations provides direction to SBA's 69 district and 10 regional offices, acting as the liaison between the district offices, the agency's program delivery system, and the headquarters' administrative and program offices.

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Small Business Administration Systems Overview

The Small Business Administration relies on several different accounting and management systems to manage and oversee the different programs for which the Agency is responsible. Descriptions of some of the larger systems are included below.

- **Loan Accounting Cash Collection System (LACCS)**

LACCS is a loan tracking and accounting system running on a Unisys mainframe computer. It provides the statistical base for over 700,000 active SBA direct and guaranteed loan accounts worth approximately \$26 billion. In general, the system provides a chronological history of SBA's major lending programs, as well as historical detail concerning individual loans from approval to disbursement to satisfaction of the loan by payment in full or liquidation. LACCS uses a DMS-1100 database management system and has been in operation since 1963.

- **Surety Bond Guarantee System (SBG)**

SBG uses a centralized database on a Unisys mainframe computer to track information for the Surety Bond Guarantee Program, e.g., fees, claims, and reimbursements. SBG functions include: enrolling contractors and surety companies into the SBG program, guaranteeing bonds awarded by participating sureties, billing and collecting program fees from contractors and sureties, and reimbursing sureties for claims paid in honoring bonds. SBG has been in operation since 1971.

- **Correspondence Tracking System (CTS)**

CTS is a tracking system used to control all correspondence from the public, members of Congress, and administration officials to and from the Administrator or the Deputy Administrator. The system is also used to control and track all policy/decision documents for the Administrator's or the Deputy Administrator's signature. Correspondence from members of Congress to any SBA official is also controlled and tracked through this system. The system is capable of producing customized reports, and has been in operation since 1991.

- SBA Executive Information System (EIS)

EIS is a Windows-based application that extracts raw data from SBA mainframe transaction records, displays it in tables and graphs, and delivers those displays to SBA executives' desktops. EIS accesses SBA loan approval data that is refreshed weekly from operational mainframe databases.

- Procurement Center Representative Information System (PCRIS)

PCRIS uses a centralized database on a Local Area Network Server to record information on the activities of Procurement Center Representatives (PCRs) assigned to oversee the purchasing and contracting operations of various government agencies. PCRIS provides management with statistical data with which program effectiveness is measured. PCRIS functions include: tracking agency awards to small, disadvantaged and women-owned businesses; accumulating data on the number of PCR recommendations to agencies for awards under section 8(a) of the Small Business Act; accumulating data on the number of appeals to agencies for failure to comply with PCR recommendations; accumulating data on the number of guidance sessions provided to small, disadvantaged and women-owned businesses by PCRs; accumulating data on the number of recommendations made to agencies to break out certain parts of larger procurements to achieve savings; and accumulating data on the actual amounts of savings resulting from breakout recommendations. The system is capable of producing standard and custom reports which are used primarily for program management. The system has been in operation since 1993.

- SBA Office Information System (SOI)

This system is designed to allow the display or update of office name and address information by SBA field and headquarters personnel. SOI ensures that vital personal information is correct and current. All SBA computer generated forms, reports, and correspondence use SOI for this information.

- Subcontracting Computer System

The Subcontracting Computer System uses a centralized database residing on the Local Area Network (LAN) of the Office of Government Contracting. The system enables the Office of Government Contracting to manage the Subcontracting Assistance Program. Subcontracting data can be summarized

and analyzed, and a variety of statistical reports can be generated on demand for a particular state, region, or for the entire nation. Primary functions of the system include: maintaining a database of large business prime contractors and using this database to produce a Small Business Subcontracting Directory upon demand; maintaining a database of subcontract award dollars by fiscal year and using this database to produce a variety of statistical information; and providing a tracking mechanism for the activities of SBA employees known as Commercial Market Representatives and generating a quarterly summary of activities upon demand. Updates to the database are carried out using CarbonCopy software. The system has been in operation since 1991.

- Servicing and Contracts System/Minority Enterprise Development Central Office Repository (SACS/MEDCOR)

SACS/MEDCOR was created to enable the Office of Minority Enterprise Development (MED) to manage, monitor, evaluate and report on its programs of business development assistance for firms owned and controlled by economically and socially disadvantaged individuals. SACS/MEDCOR operates on the SBA district office LANs, with Unisys mainframe file transfer capability to the headquarters office of Minority Enterprise Development staff. The system provides program, business status and business contract activity for each participant in the MED program. Updates to the database are performed by staff in an interactive mode. The system was developed and compiled under Clipper 5.2. The data resides in XBase file structures which are compatible with FoxPro 2.5. The system has been in operation since 1995.

- Certificate of Competency Automated Computer System (COCAS)

COCAS enables the Office of Government Contracting (OGC) to manage the Certificate of Competency Program. Certificate of Competency data can be summarized and analyzed, and a variety of statistical reports can be generated on demand. COCAS provides a database of small business contractors which have received a Certificate of Competency from the SBA. COCAS is installed in each of the six Government Contracting area offices as either a stand alone or multi-user LAN based system.

- Office of the Inspector General Correspondence Tracking System (CTS)

CTS was developed to ensure timely and appropriate replies to all incoming correspondence to the Office of the Inspector General. The system was also

developed to track and establish due dates for policy-type internal documents. The system is also capable of producing customized reports. CTS has been in operation since 1991.

- Office of Hearings and Appeals Case Tracking System (OHACTS)

OHACTS was developed to track the Hearings and Appeals caseload of the numerous size appeals, Standard Industrial Classification code appeals, and non-size appeals. OHACTS is a system used to input, control and monitor the workload and cases that come before administrative judges. OHACTS is also capable of tracking closed cases and pending cases. OHACTS has been in operation since 1989.

- Press List Information System (PLIS)

PLIS was created to provide headquarters staff with a centralized database of media contacts. PLIS contains the names, and telephone numbers of selected media sources. PLIS has been in operation since 1993.

- Certification Tracking System (CTS)

This system was created to enable the Office of Minority Enterprise Development (MED) to manage, monitor, evaluate and report on its processing of applications for 8(a) program participation and requests for consideration of declined applications. CTS operates on a SBA Unisys mainframe computer, with communications access via personal computers located at MED headquarters and field offices. All updates to the database are made by MED personnel. Information from this system is also downloaded to the MEDCOR system as well.

- Computer Loan Monitoring System

This system will monitor and manage the SBA's \$45 billion loan portfolio, a portfolio largely held and serviced by the SBA's private sector partners. With the aid of this system the SBA will collect loan and lender information, perform loan analysis, identify lenders whose portfolios and activities deviate from normal lending operations, recognize and analyze trends in loan usage and needs, identify and manage portfolio risk, and integrate SBA's systems with those of private sector lenders and other federal financial regulators. The SBA estimates the cost of this system at approximately \$20.36 million. In

1998, SBA retained the services of Electronic Data Systems (EDS) to complete a plan that outlined the process of developing a computerized loan monitoring system – from identifying the components, through benchmarking, to full implementation of the system. SBA is hoping to achieve full deployment of the system by May 2001. Partial implementation of the system is expected sometime in FY 2000, according to the SBA's FY 2000 annual performance plan.

The timetable set for the system's implementation is ambitious and SBA is trying to incorporate suggestions from Congress and the GAO. GAO has commented that SBA could benefit from business processes that are in line with those of its benchmarking partners. SBA could benefit from vendors with expertise in developing appropriate communications plans and system requirements. Senator Fred Thompson (R-Tennessee), chairman of the Senate Governmental Affairs Committee, has suggested that the SBA could benefit from implementing a program-based cost accounting system which would increase effectiveness in the control of SBA's information systems.